



House Bill 3493
Members Deemed Age 55

Sponsor: Holbrook, Thomas

Background: Individuals that are eligible to receive a retirement annuity of at least 74.6% of their final average salary are eligible to retire as early as age 55. Members that have reached this threshold and are 54 years of age are allowed to begin receiving their annuity on June 1 of the year that they turn age 55.

For example, a 54 year-old teacher has earned an annuity of at least 74.6% of their final average salary. The teacher, however, does not turn age 55 until September 15, 2004. Under current law, the teacher will be deemed to have attained age 55 on June 1, 2004 and is eligible to receive their annuity. This statutory construction was created so that these teachers would not leave in the middle of a school year in which they attain age 55.

Issue: Teachers that have earned an annuity of at least 74.6% and attain age 55 on or before December 31 during the year that commences on July 1 shall be deemed to attain age 55 on the preceding June 1. As a result, members whose 55th birthday falls in June of that year do not qualify under the law to be deemed 55 on June 1 and must wait for their birthday to begin their annuity.

In the example given above, if the teacher attains age 55 on June 27 instead of September 15, the teacher must wait until their birthday in order to begin collecting their annuity. All other teachers that attain age 55 on any month other than June begin collecting their annuity on June 1. This "June gap" can only be addressed by amending the TRS Article of the Pension Code.

Remedy: This legislation will change the day in which a teacher is deemed age 55 for the purposes of beginning to receive an annuity of at least 74.6% of their final average salary. The end of a school year for the vast majority of school districts throughout Illinois occurs after May 15. In order to eliminate this "June gap" that currently exists in statute, this legislation will change the day in which a teacher is deemed age 55 from June 1 to May 15 of the year in which a teacher turns age 55. The cost of changing this provision in statute is minimal.